APPENDIX 4D

Australian Securities Exchange Half-Year Report

Name of Entity	Carnegie Clean Energy Limited
ABN	69 009 237 736
Reporting Period	31 December 2020
Previous Corresponding Reporting Period	31 December 2019

Results for Announcement to the Market

	$	Percentage increase / (decrease) over previous corresponding period
Revenue from Ordinary activities	158,276	14.9%
Profit / (loss) from ordinary activities after tax attributable to members	(1,109,478)	22.3%
Net profit / (loss) for the period attributable to members	(1,208,997)	(284.8%)

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	nil	n/a
Interim Dividend	nil	n/a

Record date for determining entitlements to the dividends (if any)	n/a

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Net loss attributable to members includes a loss of $99,518 from discontinued operations (December 2019: Gain from discontinued operations of $1,561,145).

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total Dividend	nil
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	There is no dividend reinvestment plan.
The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a

Net Tangible Asset Backing

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents per share)	0.03 cents per share	0.04 cents per share

Control Gained over Entities having a Material Effect

Name of Entity (or group of entities)	n/a

Gain of Control of Entities having a Material Effect

Name of Entity (or group of entities)	n/a
Date of the gain of control	n/a
The contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period n/a	

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit/(Loss)	
	Current Period	Previous Period	Current Period	Previous Period
n/a				

Foreign Entities Accounting Framework

International Financial Reporting Standards

Audit/Review Status

This report is based on accounts to which one of the following applies: (Mark with "YES" or "NO")			
The accounts have been audited	No	The accounts have been subject to review	Yes
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not Applicable			

Print name: Grant Mooney
Company Secretary
Date: 25th February 2021

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED

31 DECEMBER 2020

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DIRECTORS' REPORT
31 DECEMBER 2020

The Directors present their report together with the interim condensed consolidated financial statements of Carnegie Clean Energy Limited ("the Company", or “Carnegie”) and its controlled entities, ("the Consolidated Group”, or “Group") for the half-year ended 31 December 2020.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Mr Terry Stinson	(Chairman)
Mr Michael Fitzpatrick	(Non-Executive Director)
Mr Grant Mooney	(Non-Executive Director)
Mr Anthony Shields	(Non-Executive Director)

Directors were in office for the entire period and up to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Group during the period was the development of the CETO Wave Energy Technology.

OPERATING RESULTS

The net loss after tax of the Consolidated Group for the half year ended 31 December 2020 amounted to $1,208,997 (2019: net profit $654,268).

REVIEW OF OPERATIONS

During the period to 31 December 2020, the Consolidated Group’s activities included the following:

CETO Wave Energy Technology

- Carnegie progressed the development of the CETO technology along the CETO Digital Development Pathway, including advancing innovation opportunities which have potential to improve the performance of CETO through greater energy capture, more efficient conversion into electricity, higher system reliability, and reduction in cost. Key progress was made on the development of Carnegie’s Intelligent Control products, power take-off system and hydrodynamic simulations supporting the advancement of the CETO architecture.

- Carnegie developed a machine learning based Wave Predictor capable of predicting waves up to 30 seconds into the future. The Wave Predictor was then validated in a wave tank testing campaign at the Cantabria Coastal and Ocean Basin in Spain. In addition to being a standalone product for CETO and other applications, the Wave Predictor development is a key step towards the creation of a new Intelligent Control System for the CETO technology.

- External funding and support have been awarded to the CETO development activities including:

    - The Blue Economy Cooperative Research Centre (CRC) awarded $850,000 funding to a Carnegie led Mooring Tensioner for the Wave Energy Converters Project. The project is a collaboration with Advanced Composite Structures Australia, University of Queensland and ClimateKIC representing the Australian Ocean Energy Group to develop a novel Mooring Tensioner, a component of the PTO (Power Take-Off).

    - Microsoft awarded Carnegie with an AI for Earth grant to support enhancements to Carnegie’s Wave Predictor. As part of this Project, Microsoft is providing Carnegie with a sponsored Microsoft Azure account and credits for Azure compute consumption up to USD15,000.

REVIEW OF OPERATIONS (continued)
CETO Wave Energy Technology (continued)

- Carnegie entered into new Collaboration Agreements to support the development of the CETO technology including:

    - Hewlett Packard Enterprise Company (HPE) and Carnegie signed a Collaboration Agreement to develop a reinforcement learning based controller for CETO. This collaborative work will extend the artificial intelligence development already underway at Carnegie by bringing in Hewlett Packard Labs' significant reinforcement learning expertise and computational resources.

    - Oceantera, a project development company, and Carnegie signed a Collaboration agreement to explore opportunities of mutual interest including investigating potential CETO project opportunities in South East Asia or other mutually agreed locations, sharing knowledge and expertise and exploring collaborative opportunities to use Carnegie's Garden Island Microgrid to support development of the wave energy industry.

Garden Island Microgrid

- Garden Island Microgrid commenced operations in August 2019. Under the Company's Power Supply Agreement, the Department of Defence purchases all of the power produced by the plant.

- The system was temporarily disconnected in April 2020 due to Department of Defence infrastructure upgrades on HMAS Stirling (unrelated to Carnegie's system). This was expected and not within Carnegie's control. During the period of disconnection, Carnegie worked with Department of Defence and Defence contractors to minimise the cost and impact of the disconnection and reconnection process.

- Following completion of Department of Defence infrastructure upgrades, the system was reconnected in December 2020 with full normal operations resumed in January 2021.

Corporate

- Carnegie received a research and development tax incentive cash rebate from the Australian Tax Office of $749,938 in relation to eligible research and development expenditure incurred in the year ended 30 June 2019.

- Carnegie held its Annual General Meeting on 25 November 2020. All resolutions were passed on a poll.

SIGNIFICANT EVENTS SUBSEQUENT TO THE HALF-YEAR END

Other than below, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

- On 12 January 2021, 10 Convertible Notes with a face value of $25,000 each and a maturity date of 31 March 2021, were converted into 200,000,000 fully paid ordinary shares. A further 2,282,778 shares were issued at the same issue price in satisfaction of interest accrued on the convertible notes since 28 October 2020 to 12 January 2021. A total of 200,000,000 free-attaching options were also issued, exercisable at $0.0015 per share and expiring 12 January 2024.

- On 3 February 2021, 26 Convertible Notes with a face value of $25,000 each and a maturity date of 31 March 2021, were converted into 520,000,000 fully paid ordinary shares. A further 6,281,363 shares were issued at the same price in satisfaction of interest accrued on the convertible notes since 28 October 2020 to 3 February 2021. A total of 520,000,000 free-attaching options were also issued, exercisable at $0.0015 per share and expiring 3 February 2024.

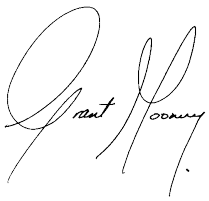
SIGNIFICANT EVENTS SUBSEQUENT TO THE HALF-YEAR END (continued)

- On 24 February 2021, 34 Convertible Notes with a face value of $25,000 each and a maturity date of 31 March 2021, were converted into 680,000,000 fully paid ordinary shares. A further 9,736,611 shares were issued in satisfaction of interest accrued on the convertible notes since 28 October 2020 to 24 February 2021. A total of 680,000,000 free-attaching options were also issued, exercisable at $0.0015 per share and expiring 3 February 2024.
- The Company has entered agreements with the holders of the remaining 43 convertible notes that they will either convert to equity or further extend the maturity date beyond their current date of March 31 2021. These notes each have a face value of $25,000, have an interest rate of 8% per annum, convert at $0.00125 per share and have a total face value of $1,075,000.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2020 has been received and can be found on page 6.

Signed on 25th February 2021 in accordance with a resolution of the Board of Directors.



GRANT MOONEY
Director



TERRY STINSON
Director

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Carnegie Clean Energy Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
25 February 2021

N G Neill
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Group 31.12.2020 $	Consolidated Group 31.12.2019 $
Revenue			
Sales revenue	3	(243)	106,142
		(243)	106,142
Other income			
Cash flow boost		50,000	-
Net gain on disposal of fixed assets		20,620	15,040
Other sundry income	3	88,142	16,599
		158,762	31,639
Expenses			
Depreciation and amortisation expense	4	(242,031)	(9,426)
Doubtful debts expense		-	(7,800)
Employee and directors' expenses		(274,167)	(382,096)
Employee share based payments	14	(69,117)	-
Finance costs	11	(113,309)	(64,227)
Professional fees		(40,028)	(19,727)
Occupancy and administrative expenses		(162,739)	(524,538)
Net loss on disposal of fixed assets		-	(7,978)
Impairment expense	8	(366,607)	(28,866)
Total expenses		(1,267,998)	(1,044,658)
Loss before income tax		(1,109,478)	(906,877)
Income tax benefit/(expense)		-	-
Loss for the period from continuing operations		(1,109,478)	(906,877)
Profit/(Loss) from discontinued operations	15	(99,519)	1,561,145
Net Profit/(Loss) for the period		**(1,208,997)**	**654,268**
Other comprehensive income			
Exchange differences on translating foreign controlled entities		(741)	25,606
Total comprehensive income/(loss) for the period		**(1,209,738)**	**679,874**
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		**(1,209,738)**	**679,874**
Earnings per share from continuing operations			
Basic loss per share (cents per share)		(0.010)	(0.02)
Diluted loss per share (cents per share)		(0.010)	(0.02)
Earnings per share from discontinued operations			
Basic profit/(loss) per share (cents per share)		(0.001)	0.03
Diluted profit/(loss) per share (cents per share)		(0.001)	0.03

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Group	
		31.12.2020 $	30.06.2020 $
CURRENT ASSETS			
Cash and cash equivalents		3,374,908	3,414,671
Trade and other receivables	6	133,077	169,815
TOTAL CURRENT ASSETS		3,507,985	3,584,486
NON-CURRENT ASSETS			
Trade and other receivables	6	539,397	542,264
Other financial assets		12,414	12,414
Property, plant and equipment	7	2,225,562	2,357,941
Leased assets – right of use	5	79,881	119,821
Intangible assets	8	13,937,108	14,590,973
TOTAL NON-CURRENT ASSETS		16,794,362	17,623,413
TOTAL ASSETS		20,302,347	21,207,899
CURRENT LIABILITIES			
Trade and other payables	9	401,202	256,785
Short-term provisions		89,316	82,862
Lease liability	10	79,881	79,881
Short-term borrowings	11	2,825,000	2,825,000
TOTAL CURRENT LIABILITIES		3,395,399	3,244,528
NON-CURRENT LIABILITIES			
Long-term provisions		60,260	51,837
Lease liability	10	11,070	48,603
TOTAL NON-CURRENT LIABILITIES		71,330	100,440
TOTAL LIABILITIES		3,466,729	3,344,968
NET ASSETS		16,835,618	17,862,931
EQUITY			
Issued capital	12	203,334,443	203,221,135
Reserves		956,137	887,761
Accumulated losses		(187,454,962)	(186,245,965)
TOTAL EQUITY		16,835,618	17,862,931

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Consolidated Group	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Option Reserve	Total
Balance at 1.7.2019	194,460,984	(185,970,443)	50,268	850,000	9,390,809
Comprehensive loss					
Profit for the period	-	654,268	-	-	654,268
Other comprehensive income	-	-	25,606	-	25,606
Total comprehensive income for the period	-	654,268	25,606	-	679,874
Transactions with owners					
Share capital issued during the period	5,500,003	-	-	-	5,500,003
Conversion of loans to equity	1,075,000	-	-	-	1,075,000
Conversion of convertible notes to equity	2,250,000	-	-	-	2,250,000
Capital raising costs	(233,594)	-	-	-	(233,594)
Sale of treasury shares	34,615	-	-	-	34,615
Accrual for share issue from interest on convertible note to 30 June 2020	43,343	-	-	-	43,343
Total transactions with owners	8,669,367	-	-	-	8,669,367
Balance at 31.12.2019	**203,130,351**	**(185,316,175)**	**75,874**	**850,000**	**18,740,050**
Balance at 1.7.2020	203,221,135	(186,245,965)	37,761	850,000	17,862,931
Comprehensive loss					
Loss for the period	-	(1,208,997)	-	-	(1,208,997)
Other comprehensive income	-	-	(741)	-	(741)
Total comprehensive loss for the period	-	(1,208,997)	(741)	-	(1,209,738)
Transactions with owners					
Shares issued for interest on convertible notes for the period to 24 Nov 2020	69,967	-	-	-	69,967
Accrual for share issue for interest on convertible notes to 31 Dec 2020	43,341	-	-	-	43,341
Share-based payment expense	-	-	-	69,117	69,117
Total transactions with owners	113,308	-	-	69,117	182,425
Balance at 31.12.2020	**203,334,443**	**(187,454,962)**	**37,020**	**919,117**	**16,835,618**

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated Group	
	31.12.2020 $	31.12.2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	(243)	106,142
Interest received	3,260	14,779
Interest paid	-	(20,885)
Payments to suppliers and employees	(638,869)	(2,084,271)
Receipts from R&D Tax Rebate	749,938	-
Net cash provided by/(used in) operating activities	114,086	(1,984,235)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development of asset	(191,604)	(235,424)
Receipts for development of asset	86,846	-
Purchase of property, plant and equipment	(71,680)	(4,285)
Proceeds from disposal of assets	22,589	15,040
Receipts from government grant funding	-	1,065,493
Net cash provided by/(used in) investing activities	(153,849)	840,824
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	-	5,500,003
Net sale of shares	-	34,615
Share issue costs	-	(233,594)
Net cash provided by financing activities	-	5,301,024
Net increase/(decrease) in cash held	(39,763)	4,157,613
Cash and cash equivalents at beginning of financial period	3,414,671	255,606
Cash and cash equivalents at end of financial period	3,374,908	4,413,219

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These interim condensed financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full annual financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Carnegie Clean Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

These interim financial statements were authorised for issue on 25th February 2021.

b) Basis of Preparation

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the new and revised standards effective 1 July 2020 outlined in Note 2.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2020.

NOTE 2: NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and mandatory for the current reporting period. As a result of this review the Directors have determined that there is no material impact on the group of the new Standards and Interpretations mandatory for the current reporting period and, therefore, no change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet effective

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet mandatory. As a result of this review the Directors have determined that there will be no material impact of the Standards and Interpretations in issue not yet mandatory and they have not been early adopted.

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
Sales revenue	31.12.2020 $	31.12.2019 $
Electricity sales (over time)	-	106,142
Labour Income adjustment	(243)	-
	(243)	106,142
Other sundry income		
Interest income	8,885	14,783
Sale of office equipment	-	1,816
Returned bank guarantee	79,257	-
	88,142	16,599

NOTE 4: DEPRECIATION

	Consolidated Group	
	31.12.2020 $	31.12.2019 $
Depreciation – property, plant and equipment	202,091	9,426
Depreciation – right of use asset	39,940	-
	242,031	9,426

NOTE 5: RIGHT-OF-USE ASSETS

	Consolidated Group	
	31.12.2020 $	30.06.2020 $
Cost	159,761	159,761
Accumulated depreciation	(79,880)	(39,940)
Closing balance at end of the period	79,881	119,821

	Consolidated Group	
	Half-year to 31.12.2020	Year to 30.06.2020
Reconciliation - Premises	$	$
Balance at the beginning of period	119,821	-
Additions	-	159,761
Depreciation expense	(39,940)	(39,940)
Closing Balance at end of the period	79,881	119,821

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
CURRENT	31.12.2020	30.06.2020
	$	$
Trade receivables	89,159	137,592
Prepayments	6,256	-
Other receivables	37,662	32,223
	133,077	169,815
NON-CURRENT		
Security deposits	539,397	542,263
	539,397	542,263

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
Movements for the period	Half-year to 31.12.2020	Year to 30.06.2020
	$	$
Balance at the beginning of period	2,357,941	2,675,949
Additions	71,681	41,731
Disposals	(1,969)	-
Depreciation expense	(202,091)	(359,739)
Carrying amount at the end of period	2,225,562	2,357,941

NOTE 8: INTANGIBLE ASSETS

a) Impairment on assets

	Consolidated Group	
	31.12.2020	31.12.2019
	$	$
CETO Technology	(366,607)	(28,866)

b) Intangibles – CETO technology development asset

Opening Balance at beginning of period	14,590,973	15,000,000
Subsequent development expenditure – CETO Technology	549,526	685,332
Impairment expense (i)	(366,607)	(28,866)
Other grants received	(86,846)	(1,065,493)
R&D tax incentive	(749,938)	-
Balance as at the end of the period	13,937,108	14,590,973

(i) The impairment expense was recognised due to the Wave Hub project finalisation in CETO Wave Energy UK Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: TRADE AND OTHER PAYABLES

	Consolidated Group	
	31.12.2020	30.06.2020
	$	$
Trade creditors	346,604	210,623
Other creditors	54,598	46,162
	401,202	256,785

NOTE 10: LEASE LIABILITY

	Consolidated Group	
	31.12.2020	30.06.2020
	$	$
Current lease liability	79,881	79,881
Non-current lease liability	11,070	48,603
Total lease liability	90,951	128,484

	Consolidated Group	
	Half-year to 31.12.2020	Year to 30.06.2020
	$	$
Movements for the period		
Opening balance at beginning of period	128,484	-
Liabilities incurred during the period	-	159,761
Principle repayments	(37,533)	(31,277)
Closing balance at end of period	90,951	128,484

NOTE 11: BORROWINGS

a) Convertible notes

	Consolidated Group	
	31.12.2020	30.06.2020
CURRENT	$	$
March 2021 Convertible Notes (113 @ $25,000 per note)	2,825,000	2,825,000
	2,825,000	2,825,000

	Consolidated Group	
	Half-year to 31.12.2020	Year to 30.06.2020
	$	$
Balance at the beginning of period	2,825,000	6,039,987
Unwinding of finance costs	113,309	110,013
Conversion to equity during the period (i)	(113,309)	(3,325,000)
Cancel existing convertible notes	-	(2,825,000)
Placement of March 2021 Convertible Notes	-	2,825,000
	2,825,000	2,825,000

NOTE 11: BORROWINGS (continued)

(i) Includes $43,431 of accrued interest recognised as unissued share capital as this will be satisfied via the issue of fully paid ordinary shares. This accrued interest relates to the period between 28 October 2020 and the end of the reporting period.

On 22 October 2019, the Company entered into two convertible note facility agreements (**Convertible Note Facility Agreements**) with the following parties:

i. HFM Investments Pty Ltd (**HFM**) to the value of $1.15 million; and
ii. existing noteholders holding convertible notes to the value of $4.5 million (**CCE Noteholders**).

The Convertible Note Facility Agreements were subject to satisfaction of conditions precedent.

A summary of the material terms of the Convertible Note Facility Agreements is as follows:

a) HFM and CCE Noteholders subscribed for the 2021 Notes to the value of $2,825,000. The commitment amount has been utilised in satisfaction of 50% of the debt owing to HFM and the CCE Noteholders;
b) each 2021 Note has a face value of A$25,000;
c) each 2021 Note has converted into Shares at $0.00125 per Share, with each Share being issued with one free attaching Option exercisable at $0.0015 per Option, expiring three years from the date of issue (with both the Shares and Options being subject to voluntary escrow for six months from the date of issue);
d) the Company is due to repay the 2021 Notes on 31 March 2021 (**Repayment Date**);
e) the Company must pay interest on the 2021 Notes at a rate of 8% per annum (**Coupon Rate**), with an issue price of the greater of $0.001 or the 90 day VWAP calculated prior to the relevant interest payment date, being the date that is one year from the date of issue of the 2021 Notes, each of 31 March, 30 June, 30 September and 31 December thereafter and on 31 March 2021 (**Interest Payment Dates**);
f) the Lenders may elect to convert all or part of the 2021 Notes and the accrued interest to Shares any time between one year after the 2021 Notes are issued and prior to the Repayment Date, by providing notice to the Company; and

if at any time after the date of the Convertible Note Facility Agreements there occurs any reconstruction of the issued capital of the Company then the entitlement of the Lenders to convert the 2021 Notes and any amount of interest owing, then unconverted, shall be reconstructed in a manner that is consistent with the ASX Listing Rules and in the same proportion and manner as any reconstruction of the issued capital of the issue.

On 12 January 2021, 10 convertibles notes with a face value of $25,000 each were converted into shares. On 3 February a further 26 convertible notes with a face value of $25,000 each were converted into shares. On 23 February a further 34 convertible notes with a face value of $25,000 each were converted into shares. A total of 43 convertible notes with a face value of $25,000 each remain as at the date of this report. Refer to Note 15: Events after reporting period for further information.

NOTE 12: SHARE CAPITAL

	Consolidated Group	
	Half-year to 31.12.2020 No.	Year to 30.06.2020 No.
a. Ordinary shares number		
At the beginning of reporting period	11,141,452,450	2,881,452,450
Shares issued during the year	-	8,260,000,000
Shares issued on 28 Oct 2019 for interest on convertible notes	188,333,330	-
At reporting date	11,329,785,780	11,141,452,450

	Consolidated Group	
	Half-year to 31.12.2020 $	Year to 30.06.2020 $
b. Ordinary shares $		
At the beginning of reporting period	203,221,135	194,460,984
Shares issued during the year	-	8,760,151
Shares issued on 28 Oct 2019 for interest on convertible notes	69,967	-
Accrual for share issue for interest on convertible notes to 31 Dec 2020	43,341	-
At the end of the financial period	203,334,443	194,460,984

NOTE 13: RELATED PARTY TRANSACTIONS

Company secretarial services have been provided by Mooney & Partners Pty Ltd, a company associated with Mr Grant Mooney during the period. These transactions were under normal commercial terms and the total fees paid were $24,000 (2019: $12,387).

NOTE 14: SHARE OPTIONS

300,000,000 options were issued during the half year to the CEO and other staff under the Company's Employee Incentive Plan. The following options are on issue at period:

	Consolidated Group	
	Half-year to 31.12.2020 $	Year to 30.06.2020 $
Opening balance 2,805,000,000 (30 June 2020: 2,805,000,000) options	850,000	850,000
200,000,000 options issued 21/07/2020, exercisable at $0.002, expiry 20/07/2022	46,078	-
100,000,000 options issued 21/07/2020, exercisable at $0.002, expiry 20/07/2022	23,039	-
Closing balance 3,105,000,000 (30 June 2020: 2,805,000,000 options)	919,117	850,000

NOTE 14: SHARE OPTIONS (continued)

For the options granted during the half-year ended 31 December 2020, the valuation model inputs used to determine the fair value at the grant date are outlined below:

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date ($)
20 Jul 2020	20 Jul 2022	0.0015	0.002	120%	0.00%	0.26%	$240,000

NOTE 15: PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

On 14 March 2019, Energy Made Clean Pty Ltd (EMC) was placed into voluntary administration. After holding meetings with creditors, the Administrators are taking steps to liquidate EMC. In addition, the loss from Northam Solar farm was also classified as a discontinued operation. On 28 October 2019 the Deed of Company Arrangement was effectuated, and debts and asset sales were moved to the creditors trust. The total losses gain/(loss) from discontinued operations are as follows:

	Consolidated Group	
	31.12.2020 $	31.12.2019 $
(Loss)/Gain for the financial year from discontinued operations	(99,519)	1,561,145
Gain/(Loss) from discontinued operations	(99,519)	1,561,145

NOTE 16: FAIR VALUE

The fair value of financial assets and liabilities measured at fair value on a non-recurring basis approximate their carrying amount at balance date.

NOTE 17: EVENTS SUBSEQUENT TO THE HALF-YEAR END

Other than below, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

- On 12 January 2021, 10 Convertible Notes with a face value of $25,000 each and a maturity date of 31 March 2021, were converted into 200,000,000 fully paid shares. A further 2,282,778 shares were issued at the same issue price in satisfaction of interest accrued on the convertible notes since 28 October 2020 to 12 January 2021. A total of 200,000,000 free attaching options were also issued, exercisable at $0.0015 per share and expiring 12 January 2024.

- On 3 February 2021, 26 Convertible Notes with a face value of $25,000 each and a maturity date of 31 March 2021, were converted into 520,000,000 fully paid shares. A further 6,281,363 shares were issued at the same price in satisfaction of interest accrued on the convertible notes since 28 October 2020 to 3 February 2021. A total of 520,000,000 free-attaching options were also issued, exercisable at $0.0015 per share and expiring 3 February 2024.

- On 24 February 2021, 34 Convertible Notes with a face value of $25,000 each and a maturity date of 31 March 2021, were converted into 680,000,000 fully paid shares. A further 9,736,611 shares were issued in satisfaction of interest accrued on the convertible notes since 28 October 2020 to 24 February 2021. A total of 680,000,000 free-attaching options were also issued, exercisable at $0.0015 per share and expiring 3 February 2024.

- The Company has entered agreements with the holders of the remaining 43 convertible notes that they will either convert to equity or further extend the maturity date beyond their current date of March 31 2021. These notes each have a face value of $25,000, have an interest rate of 8% per annum, convert at $0.00125 per share and have a total face value of $1,075,000.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 17, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards AASB 134: Interim Financial Reporting; and
   b. give a true and fair view of the Consolidated Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



GRANT MOONEY
Director



TERRY STINSON
Chairman

Dated this 25th day of February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carnegie Clean Energy Limited

Report on the Interim Condensed Consolidated Financial Statements

Conclusion

We have reviewed the accompanying interim financial report of Carnegie Clean Energy Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Carnegie Clean Energy Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including

giving a true and fair view of the Groups financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
25 February 2021